

DW 01-196

ROLLING RIDGE WATER SYSTEM

Receivership Proceedings

Order Regarding Customer Billing

O R D E R N O. 24,582

January 27, 2006

Rolling Ridge Water System (Rolling Ridge) is a public water utility in receivership that provides water service to approximately 30 customers in a limited area in the Town of Bartlett, New Hampshire. Many of the customers are seasonal residents. A complete procedural history of this docket is contained in Order No. 24,474 (June 16, 2005) and Order No. 24,517 (September 20, 2005).

The New Hampshire Public Utilities Commission (Commission), in Order No. 24,517 terminated the receivership of Rolling Ridge as of June 30, 2006. The Commission first put the system under receivership in 2001 and it has been operated since then by LRW Water Services, Inc. (LRW). The Commission directed LRW to submit an accounting of its receipts and expenses for the period of the receivership. Following receipt of that accounting, Commission Staff (Staff) was to file a report and recommendation to the Commission, no later than November 1, 2005. The Order contemplated a billing adjustment for the January 1 bills to customers so that a reconciliation could be performed for the receivership period.

On January 25, 2006, Staff filed a letter with the Commission indicating that delays in receipt of the information had precluded a timely report. Staff recommended the Commission authorize LRW to issue bills to customers for service rendered January 1, 2006 through March 31, 2006, notwithstanding the absence of the billing adjustment. Staff stated that

the Commission's Audit Staff was reviewing LRW's receipts and expenses. Staff stated the billing adjustment contemplated by Order No. 24,517 was also meant to include attorney's fees concerning the resolution of the legal issues surrounding ownership of the water system but that the Commission had not been able to retain the services of an attorney and thus has no costs to recover from Rolling Ridge customers. In light of these unresolved adjustments to customer bills, Staff recommended that LRW issue a partial bill to customers covering three months of service, in the amount of \$101.24. To minimize the impact to customers, Staff further recommended a surcharge of \$150 per customer be added to this bill to begin to collect on anticipated expenses of LRW. The total bill would thus be \$251.24. Staff also stated that it would provide the Commission with an update on LRW's receipts and expenses as soon as a report was completed by Audit Staff.

We have reviewed Staff's recommendation and agree it is appropriate to authorize LRW to issue customer bills at this time. We understand that customers in the past have been billed twice per year, for service in advance, and any further delay in billing will exacerbate recovery of additional expenses associated with this receivership. The Commission's Request for Proposals for the services of an attorney to research ownership questions, as we discussed in our Order No. 24,517, did not elicit any responses and thus has delayed resolution. The Commission is still pursuing such services. Ultimately, these costs will be billed to customers as discussed in our order, but the lack of present costs ought not to delay billing. We find it prudent to issue bills now for water service for the three months January through March, 2006, and to begin charging for expenses associated with LRW operation of the water system during the receivership period. While we do not yet have exact figures, it is clear that significant

expenditures have been incurred. For example, the Rolling Ridge system experienced a significant leak in the fall of 2005, which LRW repaired before it became an emergency. These expenses are properly recovered from customers.

Accordingly, we authorize LRW to issue bills to Rolling Ridge customers, as soon as possible, in the amount of \$251.24. We further direct LRW to provide an explanation of the amount shown on each bill so that customers know why the billed amount is different than normal. This explanation should state that the bill amount has been authorized by the Commission; that it bills for service for the period January 1 through March 1, 2006; that a surcharge has been added to begin to reduce the deficit in what is owed to LRW for services during receivership; and, that the Commission intends to perform a final reconciliation of all receipts and expenses for the receivership in a final billing prior to the termination of the receivership.

Based upon the foregoing, it is hereby

ORDERED, that LRW Water Services, Inc. is authorized to issue bills as soon as possible in the amount of \$251.24 to all Rolling Ridge customers, as outlined earlier in this order; and it is

FURTHER ORDERED, that LRW provide customers with an explanation of the amount shown on each customer bill, as detailed above.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of January, 2006.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

ChristiAne G. Mason
Assistant Executive Director & Secretary